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## **Sustainable Export Marketing Strategy Fit and Performance**

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**ABSTRACT**

Despite the growing global importance of sustainability issues, scant research has thus far examined marketing strategy sustainability issues in international settings. Though significant prior work has examined drivers and performance consequences of adaptation/ standardization of marketing strategies in international markets, studies have yet to apply this avenue of inquiry to sustainable marketing strategies. Based on contingency theory and the concept of strategic fit, we develop a model of drivers of sustainable export marketing strategy adaptation and explore under what circumstances such a strategy impacts export performance. Using a sample of U.K. exporters, our study finds support that various macro- and micro-environmental factors are responsible for sustainable export marketing strategy adaptation, which shapes the nature of sustainable export marketing strategy fit and its export venture performance outcomes. The results indicate that sustainable export marketing strategy adaptation is the outcome of differences, between home and export markets, in economic and technological conditions, competitive intensity, customer characteristics, and stakeholder pressures. Moreover, we find that the performance relevance of sustainable export marketing strategy adaptation requires adequate fit with these macro- and micro-environmental factors.

**Keywords:** sustainability; marketing strategy; exporting; performance; contingency theory; strategic fit.

## **Sustainable Export Marketing Strategy Fit and Performance**

### **INTRODUCTION**

In recent years, sustainability issues have become strategically important to managerial decision makers as firms face heightened scrutiny from their employees, customers, and other stakeholders, focused on their efforts to engage in sustainability initiatives (Chabowski, Mena, and Gonzalez-Padron 2011). Sustainability is defined as development that meets the needs of the present without undermining the ability of future generations to meet their needs (World Commission on Environment and Development 1987). The international business literature has recently emphasized the link between multinational enterprise (MNE) sustainability practices (e.g., subsidiary pollution reduction and development of local institutional standards) and firm performance (Chan 2010; Tatoglu et al. 2013). Likewise, emerging research in marketing suggests firms can derive performance benefits from the adoption of sustainable (i.e., environmentally and/ or socially friendly) marketing strategies (Cronin et al. 2011; Leonidou, Katsikeas, and Morgan 2013). Yet, scant research has thus far examined drivers and outcomes of sustainable marketing strategies in international settings (Leonidou et al. 2013).

There are reasons justifying investigation of firms' sustainability activities in international marketing. First, due to the globalization of communication technologies and social media, consumers across the world are robustly embracing green and social issues. In situations where the domestic market does not yield a large group of customers prone to sustainability-related marketing programs, foreign markets can furnish firms with such customers (Becker-Olsen et al. 2011). Second, foreign firms might embrace sustainability not only to derive positions of competitive advantage over other market entrants, but also to stay ahead of the curve compared to local firms—minimizing risk posed by growing customer animosity in the market (Engardio et

al. 2007). Third, governments of developed and emerging markets are imposing regulations on marketing activities for the protection of local natural environments (Leonidou et al. 2013).

Fourth, sustainability issues (e.g., global warming, resource depletion) by their very nature have an international aspect and transcend national borders (Varadarajan, 2014).

Of special interest is the examination of sustainability credentials of exporting firms. The global growth of export trade is accompanied by increasing awareness of sustainability problems related to corporate activities (Martin-Tapia, Aragon-Correa, and Senise-Barrio 2008).

Exporting is the most common mode of foreign market entry for firms of all kinds due to its low resource requirements, low exposure to business risks, and high strategic flexibility (Hultman, Robson, and Katsikeas 2009). Still, exporters often are confounded by serious barriers to productive trade when operating overseas (e.g., green technical standards and institutional relationship pressures). Export managers can be caught flat footed by fluctuations in local market sustainability needs (e.g., for products with extra green features and reductions in environmental costs from transportation). Indeed, the limited available evidence (Leonidou et al. 2013; Martin-Tapia, Aragon-Correa, and Senise-Barrio 2008) suggests a firm's export performance is positively influenced by environmental/ social approaches to the marketing mix.

For over two decades, the exporting field has paid particular attention to the assessment of performance outcomes of marketing strategy adaptation. Due to inconsistent findings, scholars have revealed that the appropriateness of a specific strategy depends on its fit with the environmental context in which it is deployed (Hultman, Robson, and Katsikeas 2009). It is promising to adopt contingency theory reasoning that marketing strategy adaptation, standardization, or any combination between the two, can enhance export performance only if there is fit (i.e., coalignment) between the strategy deployed and the context in which it is

implemented. Nonetheless, robust applications of contingency theory remain the exception rather than the norm in the export performance literature. Further, while a few international marketing studies have explored drivers of adaptation of sustainable strategies (Kolk and Margineantu 2009), scholars have not addressed the crucial matter of whether, and under what contingent circumstances, sustainable export marketing strategy adaptation impacts performance. The purpose of our study is to move beyond extant research as regards this matter.

We make three specific contributions to knowledge. First, within the recent groundswell of strategy sustainability research, a number of studies have focused on MNE corporate sustainability strategies within subsidiary networks (Tatoglu et al. 2013), or on marketing strategies within domestic settings (Leonidou, Katsikeas, and Morgan 2013). The present study extends previous strategy sustainability research by featuring sustainable marketing strategies with international scope. Significant numbers of customers across national markets are sensitive to sustainability matters and exporters have made strides in targeting associated opportunities (Marshall et al. 2010), yet the sustainability concept has seldom been applied to areas of theory and practice particular to international marketing strategy.

Second, the study is novel in assessing (macro- and micro-environmental) drivers, together with performance outcomes, of sustainable export marketing strategy adaptation among export ventures. We thus utilize sustainability arguments to provide new insights into the export marketing strategy adaptation/ standardization debate. On the basis of contingency theory, we respond to the call of Leonidou et al. (2013) for researchers to examine factors responsible for the effective adaptation of the firm's sustainable marketing strategy in export markets. Analysis of the performance effects of mismatching sustainable export marketing strategy adaptation with environment factors reveals that some factors matter as expected, whereas others, surprisingly,

do not. Our results provide new insights into the complex dynamics linking sustainable marketing strategy to performance in export ventures.

Third, Katsikeas and colleagues' (2000) assessment and review of the export performance literature implied that both market targeting and marketing program (i.e., mix) elements directly impact export performance. To date, the export marketing strategy adaptation literature has neglected the former. Our study is novel in conceptualizing sustainable export marketing strategy to include market targeting and marketing program elements in a single global scale. We posit that inclusive framing of marketing strategy (cf. Ozsomer and Simonin 2004) can contribute to a better understanding of marketing adaptation in the sustainability context particularly (Menguc, Auh, and Ozanne 2010).

## **LITERATURE REVIEW**

The sustainability literature is voluminous at the domestic level. These studies have featured corporate environmental strategies (e.g., Menguc, Auh, and Ozanne 2010), corporate social responsibility (CSR) strategies (e.g., Torugsa, O'Donohue, and Hecker 2012), environmental culture and orientation (e.g., Menguc and Ozanne 2005), and green marketing strategies (e.g., Fraj-Andres, Martinez-Salinas, and Matute-Vallejo 2009). Domestic sustainability research has established valuable new concepts such as 'enviropreneurial marketing' (e.g., Menon and Menon 1997) and 'market-oriented sustainability' (e.g., Crittenden et al. 2011). A far smaller body of work, in international settings, has focused on MNEs' environmental policies and services (e.g., Kolk and Margineantu 2009), environmental management systems (e.g., Pinkse and Kolk 2012), CSR practices (e.g., Husted and Allen 2006), and sustainability reporting (e.g., Kolk 2010).

Only lately has sustainability been the focus of attention in exporting research. For instance, Aguilera-Caracuel, Hurtado-Torres, and Aragon-Correa (2012) explored the influence of international diversification and length of export activity on proactive environmental strategy; Marshall et al. (2010) investigated the role of managers' attitudes and perceptions and firms' export dependence in the adoption of environmental practices; and Martin-Tapia, Aragon-Correa, and Rueda-Manzanares (2010) focused on the link between proactive environmental strategy and export intensity. Further, Boehe and Cruz (2010) examined the role of CSR in shaping export performance, while Leonidou et al.'s (2013) investigation centered on drivers and export performance outcomes of eco-friendly export marketing strategy. One particular issue that has yet to receive attention in this stream of literature, despite theoretical advances made in international marketing research (e.g., Lages, Jap, and Griffith 2008), concerns the 'adaptation/standardization' of sustainable marketing strategies used in export ventures.

The flexible, low involvement nature of exporting is an advantage in responding to troubles encountered in a foreign market. Yet, withdrawing from export market activities in the particular country hardly constitutes sustainable strategy in a general sense. Firms using an adaptation strategy can derive advantages from their experiential knowledge of a foreign market (Hultman, Robson, and Katsikeas 2009; Slangen and Dikova, 2014). The power of a marketing strategy carefully adapted to the local market lies in its potential to converge with customer needs and so enhance performance. Still, the economic benefits of deploying standardized marketing programs—treating the export marketing mix as a reproduction of domestic marketing—can make this strategy attractive for exporters as they expand globally. Though standardization offers the exporting firm benefits associated with the use of global brands (Madden, Roth, and Dillon 2012), economies of scale, and lower requirement for assimilating local marketing



knowledge, it can lead to suboptimal sales when it is incongruous with the local market (Yip 2003).

International marketing scholars have often attempted to establish a direct link between strategy adaptation or standardization and performance, assuming implicitly that one or the other is the optimal strategy (Ozsomer and Simonin 2004). Yet, accumulated results do not support adaptation over standardization, or vice-versa. Drawing on insights from strategic management (Zajac, Kraatz, and Bresser 2000), scholars have since shown that the appropriateness of a particular marketing program can be defined in terms of its 'fit' with environmental factors (Schilke, Reimann, and Thomas 2009). The contingency theory of fit seeks to test whether more than one strategy maximizes performance across a sample of firms, based on their differing environmental conditions. This approach builds on three types of variables: contingency variables, are environmental factors that are typically external; response variables, are strategic actions taken in response to contingency variables; and performance variables, are subject to fit between contingency and response variables for the particular setting (Hultman, Robson, and Katsikeas 2009).

The thrust of research into marketing strategy adaptation across borders has examined individual marketing program elements. For instance, Sousa and Bradley (2008) and Theodosiou and Katsikeas (2001) both focus on pricing strategy in isolation from other mix aspects, while Cavusgil and Zou's (1994) seminal empirical study set a precedent for subsequent work to feature product and/ or promotion adaptation decisions. Against this backdrop, Ozsomer and Simonin (2004) noted that there is surprisingly little evidence regarding the performance outcomes of adapted/ standardized marketing programs. These scholars asserted (p. 398) that,

“While much has been written on the promises and pitfalls of overall marketing program standardization, the majority of published work is conceptual, or based on anecdotal evidence.”

Our study takes the view that the importance of adopting an overall strategy approach to the study of fit and its effects is acute in the sustainability area. There is evidence suggesting sustainable strategy decisions for the marketplace are made holistically and consistently by managers (Menguc, Auh, and Ozanne 2010; Sharma 2000). International firms face the risk of being considered inconsistent across, and opportunistic with, their sustainability activities in the local marketplace when they vary functional strategies (e.g., marketing and associated communications) across the adaptation–standardization continuum (Christmann 2004). Foreign firms, specifically, may attract opprobrium in the local market for attempting to derive advantage from selective sustainability initiatives across marketing mix aspects.

Extending this logic, we posit that holistic sustainable export marketing strategy decisions should also include market targeting aspects, given that processes of identifying and selecting customers can prove critical in successfully developing groups of customers prone to sustainability-related marketing appeals (Gurau and Ranchod 2005; Menon et al. 1999). Further, in the exporting literature, the few studies that have captured targeting elements, such as market segmentation (Diamantopoulos et al. 2014), usually reveal a positive relationship with performance (Leonidou, Katsikeas, and Samiee 2002). To our knowledge, international marketing strategy adaptation/ standardization studies have yet to assess market targeting as part of strategy. The present conceptualization of sustainable export marketing strategy thus includes market targeting (i.e., segmentation, targeting, and positioning) as well as marketing program (i.e., product, promotion, place, and price) elements.<sup>1</sup>

Our theorization of drivers and outcomes of sustainable export marketing strategy adaptation follows structure–content–performance studies (Katsikeas, Samiee, and Theodosiou 2006) that have focused on and/ or concluded the criticality of strategic content responses to ‘external’ environmental variables (Hultman, Robson, and Katsikeas 2009; Menguc, Auh, and Ozanne 2010). Prior research suggests the adoption of corporate sustainability strategies in a foreign market is subject to an array of macro- and micro-environmental forces (Tatoglu et al. 2013). Foreign marketers are subject to greater and more rigorous pressures from local stakeholders than domestic firms (Child and Tsai 2005). Indeed, foreign firms may be expected to do more than local firms in building their reputation and goodwill (Kostova and Zaheer 1999); they should exceed local environmental standards set at macro- and micro-levels. As such, our study adds to contingency theory work centered on testing logic that firms react to the external environment as an exogenous variable and adjust marketing strategy to enhance performance.

Though there are several ways of modeling the impact of fit between environment and strategy on performance (see Venkatraman 1989), the international marketing literature has embraced two main approaches: fit as either moderation or matching. Both approaches entail identifying the precise functional form between contingency and response variables (e.g., extent of marketing strategy adaptation for each environmental variable) needed to augment performance variables. Fit as moderation has proven useful in identifying specific, theoretically robust contingency relationships (Schilke, Reimann, and Thomas 2009); even if the results of moderation testing applied to the adaptation issue have been inconsistent (Xu, Cavusgil, and White 2006). Fit as matching is a response to the reductionism (i.e., overly pragmatic specificity) of moderation, in so far as it assumes firms are surrounded by an array of contingencies that require simultaneous examination. Here, fit is a theoretically defined match

between several variables; unlike moderation's usual focus on joint effects of pairs of variables on performance. We therefore adopt fit as matching in order to determine whether external environment–marketing strategy adaptation fit is positively linked to export performance. We develop the measure of fit taking into account the effects of several macro- and micro-environment variables, and then regress it on performance (see Figure 1).

**- Insert Figure 1 about here -**

## **HYPOTHESES**

We conceptualize sustainable export marketing strategy as marketing practices, policies, and procedures that take into consideration concerns relating to the wellbeing of the natural environment and society in pursuing the goal of creating revenue and providing outcomes that satisfy organizational and individual objectives in the export market (e.g., Leonidou et al. 2013; Menon et al. 1999). Pre-study field interviews revealed that firms operating a sustainable export marketing strategy engage in: sustainable product practices (e.g., improving the recyclability of product packaging and designing new sustainable products); sustainable distribution practices (e.g., setting up product facilities closer to the target market and shipping products in flat packs that enable larger quantities to be transported with less environmental impact); sustainable promotion practices (e.g., providing information relating to the product's environmental and societal features on packaging and setting up websites with information relating to the firm's sustainability behaviors); and sustainable pricing practices (e.g., incorporating the costs of environmental compliance into the product's price and adding a price premium for sustainable product lines). In addition, firms engage in sustainability segmentation procedures (e.g., using consumer attitudes toward sustainability as a criterion for market analysis), sustainability

targeting practices (e.g., launching products in markets that cater to the needs of environmentally- and societally-conscious consumers), and sustainability positioning policies (e.g., positioning the company and/or brand as sustainable in the market).

Based on the literature review and field interviews, we hypothesize two sets of contingency factors as influencing the degree of sustainable export marketing strategy adaptation: first, macro-environmental factors, which consist of broad societal forces that shape the firm's marketing strategy including economic, regulatory, sociocultural, and technological conditions; second, micro-environmental factors, which comprise forces associated with the firm's task environment such as competitive intensity, customer characteristics, market munificence, and stakeholder pressures.

### **Macro-Environment Forces and Sustainable Export Marketing Strategy Adaptation**

*Economic conditions* reflect differences in the economic vitality of the home and export markets in terms of indicators such as level of industrial development, purchasing power of customers, and income distribution. Economic factors influence customers' interpretations of international marketing strategies and associated purchasing behaviors. Previous research has suggested that country clusters with similar economic conditions are a basis for implementing standardized marketing programs (Day, Fox, and Huszagh 1988). Moreover, sustainability scholars have reported a positive relationship between a country's economic climate and the importance of environmentally and/ or socially friendly activities to customers (Marta and Singhapakdi 2005). Added sustainability features in products often require substantial changes in production operations, imposing a significant burden in terms of product cost. Affluent societies and segments of society can afford sustainable products, which often are priced above traditional

merchandise (Gurau and Ranchhod 2005). In contrast, such products might be prohibitively expensive for customers living in countries with lower disposable incomes. Customers in less developed countries generally attach less importance to sustainability attributes and messages and are less likely to use sustainability as a purchasing criterion, given that conventional attributes (e.g., price and functionality) have priority (Auger et al. 2010). As a result, when exporting from a developed country to a less developed one and catering to local customers with lower disposable incomes, it may be necessary to adapt sustainable marketing strategies. Put generally, sustainable export marketing strategy adaptation is more likely when the economic conditions of the export market are different to those of the home market.

*Regulatory conditions* capture differences in regulatory and legal aspects pertaining to sustainability, between the home and export markets. Regulations and laws concerning sustainability standards—designed to protect societal actors (e.g., customers, employees, and firms) and other national resources—can be a key barrier to deploying a uniform marketing strategy. For example, our field interviews suggested food firms use different versions of nutrition tables depending on whether there are differences in regulations between the home and export markets. Similarly, previous research (e.g., Cavusgil, Zou, and Naidu 1993) has revealed that firms often are forced to adapt marketing mix components in an export market where regulations dictate different health and safety standards, for instance. Kolk and Margineantu (2009) found that accounting MNEs' responsiveness to local sustainability regulations is partly behind the strong sustainability service adaptation preferences of these firms. Developed countries tend to have highly developed regulatory systems generally, necessitating product modifications to local standards (Lages, Jap, and Griffith 2008). Where government involvement and regulations regarding environmental and social issues are heightened, there is

an elevated expectation that firms will comply (Menguc, Auh, and Ozanne 2010). Firms facing regulatory differences in the export market may even seek to proactively comply, in order to minimize risk of fines and sanctions down the road.

*Sociocultural conditions* tap differences between the home and export markets in terms of societal value systems, customs, religions, education levels, and other normative aspects closely associated with sustainability issues. Cultural values and artefacts have proven resistant to globalization trends, such that sociocultural dimensions across home and export markets are not identical in every respect (Becker-Olsen et al. 2011). To this point, the level of societal awareness concerning sustainability differs across countries. For example, we can expect public concern for environmental and social issues to vary with people's education of environmental problems associated with particular industries (Banerjee, Iyer, and Kashyap 2003). In our field interviews, an export manager from a tobacco firm remarked that education level differences are a key determinant of its marketing strategy adaptations overseas. Kolk and Margineantu (2009) noted that societal expectations contribute to international marketing decisions at accounting MNEs, inasmuch as their sustainable services are highly responsive to local public concerns. Thus, sociocultural differences between the home and export markets require the cultural relevance of the sustainable export marketing strategy to be improved by adaptation.

*Technological conditions* denote differences between the home and export markets in skills, resources, developments, and changes connected with sustainable technologies. Customers are becoming technologically sophisticated the world over, and increasingly expect products that incorporate a high level of technological innovation (Hultman, Robson, and Katsikeas 2009). Further, firms can reduce the risks involved in developing green and socially friendly products by detecting and responding to sustainability related technology changes (Leonidou et al. 2013).

Against this backdrop, many firms (e.g., 3M and Unilever) have identified, achieved, and marketed cost-related sustainability improvements associated with technical process improvements (Banerjee, Iyer, and Kashyap 2003). Prior research has observed that MNEs targeting foreign markets with similar technological levels respond to pressure from customers to adopt standardized marketing strategies (Katsikeas, Samiee, and Theodosiou 2006); and that the deployment of tailored marketing strategies is essential in export markets characterized by unique technological expectations (Hultman, Robson, and Katsikeas 2009). In like manner, societies knowledgeable about and sensitive to advances in sustainable technologies would require highly sustainable export marketing strategies, and vice versa. Gaps in information, transportation, production, and other sustainable technologies in the export market may necessitate sustainable export marketing strategy adaptations in order to accommodate local resource constraints (cf. Johnson and Arunthanes 1995).

H<sub>1</sub>: Differences between the home and export venture markets in the (a) economic, (b) regulatory, (c) sociocultural, and (d) technological environments are positively related to the degree of sustainable export marketing strategy adaptation.

### **Micro-Environment Forces and Sustainable Export Marketing Strategy Adaptation**

*Competitive intensity* pertains to differences between the home and export markets in the number of competitors in the overseas market and intensity of the sustainability-related competitive moves they employ (Leonidou et al. 2013). Variations in the frequency and aggressiveness of competitive actions across country markets are likely to produce differences in marketing strategies—that is, internationalizing firms will adapt their export venture marketing strategies in order to remain competitive (Katsikeas, Samiee, and Theodosiou 2006). Since Cavusgil, Zou, and Naidu's (1993) ground-breaking study, the thrust of exporting research has associated competitive intensity with the need for greater adaptation to local conditions. Export decision-



makers are not immune from the safety net of adhering to industry competitive norms. Sustainability scholars have frequently asserted that imitation of domestic competitors' environmental conduct is the prevailing approach for firms wanting to assure that their standards meet the norms required to maintain legitimacy (Christmann 2004). If exporters observe that many competitors internationally standardize their sustainable marketing approaches, they may well follow suit. The pragmatic reality is that an exporting firm's sustainable marketing strategies can be a source of competitive advantage or disadvantage, and the strategic choice should be tailored to the export market when competitive codes of conduct are unfamiliar. More intense sustainability-related competition in the export market compared to the home market increases the risk of inaction, as perceived by managers (cf. Leonidou, Katsikeas, and Morgan 2013), and can induce firms to adapt.

*Customer characteristics* refer to differences between the home and local markets in the level of customer sensitivity to sustainability-linked marketing strategy aspects, such as product evaluation criteria, product usage patterns, and purchasing criteria. Firms are implementing environmental actions with the ultimate purpose of fitting their targeting and image positioning to the evolving consumer voice (Buil-Carrasco, Fraj-Andres, and Matute-Vallejo 2008; Menguc, Auh, and Ozanne 2010). Customers across numerous country markets are demanding more environmentally and socially friendly corporate behaviors, as opposed to traditional, purely economic behaviors. Importantly, firms' reputations for environmental responsibility are based on information available to customers. The transparency to local customers of an exporter's overall sustainability policy would be limited. In effect, customers are likely to focus on the sustainability of the export marketing strategy as a basis for their conclusions (Christmann 2004). The international marketing literature suggests low adaptation approaches fail when firms

neglect to identify clearly defined and delineated intermarket, customer segments (Samiee and Roth 1992). Differences in customer tastes and preferences between the home and export markets necessitate the deployment of marketing strategy adaptations. Extending this logic, we argue that exporters that adapt their sustainable marketing strategies in line with identified differences in customers' sustainable consumption demands, have a good chance of enhancing value for local customers.

*Market munificence* taps differences between the home and export markets in terms of the degree to which the business environment can support continuous sustainability-related sales, market, and profitability growth. The presence of an exciting market demand trajectory, as opposed to expectations of no movement or a downward arc, may be expected to have a clear bearing on marketing strategy decisions. The upswing of a marketplace in terms of its size and demand conditions for sustainable product offerings would be likely to furnish incumbent firms with extra resources and associated opportunities (Akaah 1991; Aragon-Correa and Sharma 2003). Senior managers are cognizant of the fact that foreign markets can compensate for domestic markets that do not yield numerous customers prone to sustainable marketing appeals (Becker-Olsen et al. 2011). Greater sales turnover generated in a growing foreign market might cover the extra costs of a sustainability drive at home and abroad. Hence, firms scrutinize whether export markets themselves are fertile opportunities to make resourcing investments and build market share using sustainable marketing strategies. We propose that the more distinctive the munificence characteristics of the export market, versus the home market, the greater the requirement for sustainable export marketing strategy adaptation.

*Stakeholder pressures* denote differences in environmental stakeholders' feelings, concerns, and demands about the firm's sustainability position and actions, between the home and export

markets. Internationalizing firms encounter stakeholders within (and across) national task/industry environments that aim to influence their environmental and social conduct by pressurising them to legitimize their behavior and conform to normative standards (Christmann 2004). Indeed, extant work has implied that MNEs may conform on the basis of their participation in voluntary industry agreements for environmental conduct (Tatoglu et al. 2013). Whereas macro-environmental forces (e.g., regulatory and sociocultural) exert indirect, institutional pressures on firms to conform, stakeholder pressures have access to and the attention of management (Banerjee, Iyer, and Kashyap 2003). Such direct pressures may be exerted by: groups within the firm's structure, such as local employees and shareholders; industry regulators, with the objective of protecting the reputation of their local industry; and non-governmental organizations (NGOs), which often possess knowledge about ethical improvements and attempt to buffer and/or bridge to the firm within the local marketplace (Meznar and Nigh 1995). When stakeholders' concerns overlap or converge to implore exporting firms to behave sustainably, managers are expected to listen. Sustainable export marketing strategy adaptation is more likely when stakeholder pressures in the export market are dissimilar to those of the home market.

H<sub>2</sub>: Differences between the home and export venture markets in the (a) competitive intensity, (b) customer characteristics, (c) market munificence, and (d) stakeholder pressures are positively related to the degree of sustainable export marketing strategy adaptation.

### **Sustainable Export Marketing Strategy Adaptation and Export Performance**

Previous performance studies in the export marketing (e.g., Katsikeas, Leonidou, and Morgan 2000) and sustainability (e.g., Leonidou, Katsikeas, and Morgan 2013) fields consistently suggest performance benefits of marketing strategies can take different forms. Economic measures are the most prevalent in these areas, nonetheless, and we define performance of the

export venture to comprise sales-, market share-, and profit-related economic outcomes within the same global construct (Leonidou et al. 2013; Morgan, Kaleka, and Katsikeas 2004).

The domestic sustainability literature has emphasized that sustainability marketing strategies can have a positive effect on performance (Leonidou, Katsikeas, and Morgan 2013). There are several reasons supporting such a linkage. Specifically, sustainability marketing strategies can: minimize waste, eliminate sustainability-related risks, and enhance cost savings in the manufacturing site; boost employee morale, output, and productivity (Peng and Lin 2008); help strengthen relationships with various stakeholders (e.g., regulators and NGOs) and improve image and reputation among customers (Fraj-Andres, Martinez-Salinas, and Matute-Vallejo 2009); and allow the firm to target new market segments, such as customers for whom sustainability considerations are important to their purchasing behavior (Banerjee, Iyer, and Kashyap 2003), which can contribute to a higher market share (Baker and Sinkula 2005).

Similarly, the international sustainability literature has argued that sustainability can help firms achieve superior performance in international markets (Chan 2010). In particular, international firms can use sustainability to: enhance sales and market share by capitalizing on foreign customers' demands for products of a more sustainable nature; provide differentiated products in foreign markets, allowing the charging of premium prices; and offer products with superior quality and durability, thus enhancing customer satisfaction and loyalty (Leonidou et al. 2013). International firms can also lower the costs of legal liabilities in foreign markets as they are better placed to avoid causing future environmental/ social damage, and are better able to achieve cost advantages through pollution prevention and waste minimization policies in foreign markets (Chan 2010).

Firms are faced with an interesting controversy when deciding to use sustainability marketing strategies across markets. On the one hand, it has been argued that international marketing managers can exploit cross-country differences by adopting ‘dirty’ sustainability practices in countries with lax demand for sustainability issues. On the other, it has been proposed that firms need to standardize their environmental strategies through self-regulation and proactive approaches (Christmann and Taylor 2001). Sustainability standardization might be a sensible option for big multinational corporations due to their greater visibility and impact (Christmann 2004). Smaller exporters, however, might either standardize or opt for a more adapted approach in an effort to maximize performance outcomes in their foreign export market ventures (Hultman, Robson, and Katsikeas 2009). Based on contingency theory, we argue that there is no one-size-fits-all solution to the adaptation/ standardization debate. We posit that complex systems cannot easily be understood by breaking them down into individual parts in order to examine each part (Tan and Litschert 1994). Therefore, rather than adopting a theoretical treatment of strategic fit that examines only few environment factors (e.g., Leonidou et al. 2013), we adopt a perspective that incorporates a raft of macro- and micro- environment dimensions.

The *macro-environment* provides a structured and recognized context from which to investigate extraneous factors that potentially influence sustainable export marketing strategy outcomes. The general literature (e.g., Root 1988) suggests institutional environments in national markets have a substantial impact on the survival and growth outcomes of foreign firms. Hence, export intelligence agencies place clear emphasis on the need for exporters to consider macro-environmental contingencies in the first instance (Hultman, Robson, and Katsikeas 2009). Rather than directly influencing performance, we posit that export managers intentionally fit

their sustainable export marketing strategy to economic, regulatory, sociocultural, and technological environment forces in order to improve their performance (Leonidou et al. 2013).

Performance can likewise be viewed as critically dependent on the *micro-environment* in which an exporting firm competes (Katsikeas, Leonidou, and Morgan 2000). Irrespective of the cost savings and coordination benefits achievable through sustainable marketing standardization, a degree of sustainable marketing adaptation might provide higher sales, market share, and profits from a better exploitation of different market requirements across countries. Export managers are likely to seek benefits by modifying their sustainable export marketing strategy to meet perceived differences between the home and export markets in competitive intensity, customer characteristics, market munificence, and stakeholder pressures. In sum, high performance of the export venture transpires only to the extent that there is fit between the sustainable export marketing strategy adaptation being deployed and macro- and micro-environment contexts within which it is executed (cf. Drazin and Van de Ven 1985).

H<sub>3</sub>: Fit between the level of sustainable export marketing strategy adaptation and the macro- and micro-environmental context in which it is implemented is positively related to export performance.

## **METHOD**

### **Sample and Data Collection Procedures**

To test the study hypotheses, we obtained data using a survey from U.K. exporting firms within nine manufacturing industries. These included manufacturers of food products and beverages, textiles, paper and paper products, chemicals and chemical products, rubber and plastic products, radio, television, and communication equipment, furniture, computers, etc. The industries selected were actively involved in exporting activities and sustainability practices. We used a multi-industry research design in order to enhance variation in the responses and achieve a final

study sample large enough to enable rigorous data analysis and increase the external validity of the empirical findings. For comparability purposes, we excluded exporters in services industries, that were state-owned, or without export venture operations running for at least three years. The unit of analysis was the individual product-market export venture. Our study used key informants, defined as those managers who were knowledgeable about sustainable export marketing strategies and able and willing to participate in the study. Half of our key informants were asked to focus on a more successful export venture, and the other half to focus on a less successful export venture.

A sample of 1,200 manufacturing exporters was drawn from the Dun and Bradstreet and FAME databases of U.K. business enterprises, and the British Exporters Database. The execution of the sampling process was based on a series of steps. First, all 1,200 exporting firms were contacted by telephone in order to inform them of the study and its objectives. These telephone calls revealed 644 eligible firms and a key informant in each company who appeared knowledgeable and able and willing to participate in the study. By extension, 556 companies were excluded for various reasons: (1) 176 unveiled no key informant familiar with the study topic and able to take part in it; (2) 129 adhered to a company policy to not take part in surveys; (3) 89 suggested responsibility for sustainable export marketing activities had been outsourced to other firms; (4) 68 had closed down, were closing down, or had ceased export operations; (5) 45 had no export venture beyond the three year cut-off; (6) 27 did not find the survey applicable to their firm as they did not export; and (7) 22 were subsidiaries of MNEs not U.K. exporters.

Second, the survey pack was sent to the 644 key informants. Third, three weeks after the first wave mailing, follow-up telephone calls were made and another survey pack including a reminder letter and thank you note sent to non-respondents. Fourth, two weeks later non-

respondents were sent a final note to thank them. All questionnaires returned were coded and filed based on the date received. A final total of 238 were returned. The number of usable responses was 217, however, giving an effective response rate of 35 percent. Nine questionnaires were dropped due to considerable missing data, while 12 more failed our post hoc key informant competence test and were also dropped.

Pre-study interviews suggested informants with the knowledge to report on sustainable export marketing strategies could occupy a range of job titles (e.g., export manager, marketing manager, or quality manager), depending on who is responsible for and involved in such activities in each firm. During the initial telephone contact with the 1,200 exporters, a key informant whose remit included sustainable marketing strategies was identified by name and title.

Following procedures employed widely in international marketing studies (e.g., Boso et al., 2013; Obadia, 2013), key informants were evaluated on the basis of a post hoc competence check. Specifically, the final part of the questionnaire included two questions to assess the respondent's amount of (1) involvement in the firm's export venture market operations, and (2) knowledge regarding the firm's sustainability activities. A seven-point rating scale (1 = "very low", and 7 = "very high") was employed to capture responses for both questions. Any questionnaire with a response lower than the mid-scale point of four on either question was dropped. Following the exclusion of 12 questionnaires, the mean composite rating for informant quality for the study sample (n=217) was 5.82, which provides confidence in the validity of the key informant data.

In the final sample, export sales manager (27.2%), CEO (19.8%), marketing manager/director (18.0%), financial controller/logistics manager/quality manager (12.9%), and sales manager/director (11.5%), were the most commonly held positions of respondents. The mean



number of years that respondents had been with the exporting firm was 10.84 years, and 62.2% of the study sample had more than five years of service at the firm.

The spread of the 217 sample firms across the nine manufacturing industries is broadly comparable to the relative sizes of these industries in our overall sampling frame. Within the industries, 76.5 percent of the responding exporters assigned their chosen export venture product to the industrial product category, with only 23.5 percent exporting finished consumer goods. The most common export venture country market was within Western Europe (37.3%), Asia (19.4%), North America (16.1%), Africa and the Middle East (12.0%), or Eastern Europe including Russia (8.3%). Well over half (55.8%) of the firms had been exporting for 21 years or more, with a mean of 28.3 years. The mean duration of the focal export venture was 16.6 years. The sample mostly comprised small- and medium-sized firms. The median number of full-time employees was 50, and 88.5 percent of the sample had less than 250 employees.

Non-response bias was tested in two ways. First, fifty randomly selected, non-responding firms were chosen to be compared to the survey respondents with regard to the number of full-time employees (assessed from secondary sources). Using independent sample t-tests, no significant differences were identified at the .05 level ( $t=.79$ ,  $p=.43$ ). Second, we employed an extrapolation procedure based on the earliness of our respondents (e.g., Magnusson et al., 2013). We compared early respondents (the 58% responding to our first wave mailing) with the remainder (42% classed as late respondents) of the sample with regard to the key study constructs (e.g., sustainable export marketing strategy and export performance) and a number of demographic characteristics (e.g., sales turnover and years of exporting). Using independent sample t-tests again, no significant differences were found between the two groups at the .05 level.

### **Field Interviews and Measurement Procedures**

In-depth field interviews, lasting between 60 and 90 minutes, were performed with seven export managers familiar with sustainable marketing practices deployed in their firm's exporting operations and industry generally. The aim of the pre-study interviews was to closely scrutinize the phenomenon investigated, and our conceptualization and operationalization, among exporters. The discussions helped ensure that the core constructs, and links between them depicted in our conceptual model, made sense to practicing export managers. For instance, the interviewees indicated that an appropriate degree of sustainable export marketing strategy adaptation is formed and deployed by taking into account external environmental imperatives with respect to sustainability, which commonly differ in the home and foreign markets.

Our pre-study field interviews were also used to appraise the measures of the study constructs, ensuring all items and response scales were fully understood by export managers. Though we adopted measurement scales from previous research whenever possible, the novelty of the study constructs necessitated that existing measures were modified from previous research on the basis of the interviews themselves. We used reflective, multi-item measures for all the study constructs (see Appendix for items, response scales, and scale reliability scores).

We captured economic conditions using five items taken from Chung (2003), Hultman and colleagues (2009), Katsikeas and colleagues (2009), and Theodosiou and Katsikeas (2001). Regulatory conditions was tapped using a five-item scale adapted from Banerjee and colleagues (2003), Chung (2003), Hultman and colleagues (2009), Katsikeas and colleagues (2006), and Menon et al. (1999). Sociocultural conditions was captured through five items modified from Chung (2003), Hultman and colleagues (2009), and Katsikeas and colleagues (2006).

Technological conditions was tapped using five items modified from Cavusgil and Zou (1994), Hultman and colleagues (2009), Katsikeas and colleagues (2006), and Samiee and Roth (1992).

We assessed competitive intensity using a five-item scale adapted from Banerjee and colleagues (2003), Chung (2003), Hultman and colleagues (2009), Katsikeas and colleagues (2006), Leonidou et al. (2013), and Menon et al. (1999). Customer characteristics was tapped using five items modified from those used by Banerjee and colleagues (2003), Chung (2003), Hultman and colleagues (2009), Katsikeas and colleagues (2006), Leonidou et al. (2013), and Menon et al. (1999). Market munificence was assessed through five items modified from Akaah (1991), Aragón-Correa and Sharma (2003), Hultman and colleagues (2009), Katsikeas and colleagues (2006), Kim and colleagues (2009), and Menon et al. (1999). Stakeholder pressures was captured on the basis of four items adapted from those of Banerjee and colleagues (2003), Buil-Carrasco and colleagues (2008), Chan (2010), and Menon et al. (1999).

Sustainable export marketing strategy adaptation was captured on the basis of a nine-item scale modified from Banerjee (2002), Banerjee and colleagues (2003), Fraj-Andrés and colleagues (2009), and Leonidou et al. (2013). Finally, we measured export performance through six items taken from Hultman and colleagues (2009), Hultman and colleagues (2011), Katsikeas and colleagues (2006), Morgan (2012), and Morgan and colleagues (2012).

## **ANALYSIS AND RESULTS**

### **Measure Validation**

We assessed construct validity through confirmatory factor analysis (CFA). The CFA test was performed using EQS and the elliptical re-weighted least squared method.<sup>2</sup> Though there is a significant chi-square value ( $\chi^2_{(1280)} = 1601.30, p < .01$ ), all other fit indices (normed fit index

(NFI) = .97; non-normed fit index (NNFI) = .99; comparative fit index (CFI) = .99; root mean square error of approximation (RMSEA) = .03; average off-diagonal standardized residual (AOSR) = .04) suggest the model exhibits a good fit to the data. The significant standardized loading ( $> .55$ ) of each item on its pre-specified construct reinforces convergent validity.

**- Insert Table 1 about here -**

Discriminant validity was assessed using chi-square difference tests (Anderson and Gerbing 1988). A series of pair-wise CFA models were estimated in turn. In each of these analyses, the investigator estimated two models; one fixing the correlation between a pair of constructs to unity, and one setting the parameter free. A significantly lower  $\chi^2$  value for the freed model versus the unity model ( $\Delta\chi^2_{(1)} > 3.84, p < .05$ ) indicates that the two constructs are not equivalent and discriminant validity is evident. For every pair of constructs, the freed model produced the better fit ( $\Delta\chi^2_{(1)} > 6.05$ ). For example, the chi-square difference test statistic was significant for the three most highly correlated constructs in the study: regulatory and sociocultural conditions ( $\Delta\chi^2_{(1)} = 9.25, p < 0.01$ ); regulatory and technological conditions ( $\Delta\chi^2_{(1)} = 54.78, p < 0.001$ ); and competitive intensity and customer characteristics ( $\Delta\chi^2_{(1)} = 6.06, p < 0.05$ ). These results provide evidence of discriminant validity between the study constructs. The correlation matrix and descriptive statistics of the construct measures, are shown in Table 2.

**- Insert Table 2 about here -**

### **Common Method Bias**

Since the independent and dependent variables employed for the study were collected from the same informants at the same time, it is possible that common method bias (CMB) has affected

the results. We used a combination of ex ante procedural and ex post statistical approaches to limit and detect CMB, respectively (Podsakoff et al. 2003). The procedures taken were as follows. First, construct measures were initially phrased in a concise and simple way and ambiguous and unfamiliar terms were avoided. Second, the questionnaire was discussed with and verified by academics and managers external to the study, and was pilot-tested with a number of executives in exporting firms to make sure that all the questions were clear and easily understood. Third, our study informants were assured of complete anonymity and confidentiality—during the initial telephone conversation but also in the questionnaire and its cover letter. Fourth, to minimize the possibility of informants working out links between measures, survey items appeared in the questionnaire under general topic sections rather than being organized by construct. Irrespective, our focus on strategic fit and its impact on performance makes it very difficult for informants to predict how the study constructs interrelate.

Two ex post statistical procedures were employed. First, we used a Harman's single factor test. All the study measures were included in a principal component analysis. Six separate factors with eigenvalues greater than 1.0 emerged within the unrotated factor solution, collectively explaining 68.5 percent of the total variance; no dominant factor emerged. Second, we employed the more rigorous marker variable test. Here, we used the second smallest positive correlation between study variables (i.e., .004) as an acceptable proxy for CMB (Malhotra, Kim, and Patil 2006). Using this marker variable, we computed CMB-adjusted correlations between all the variables in the study. The marginal differences between the original and CMB-adjusted correlations made no difference to the statistical significance of the correlations. We reestimated our measurement model using the CMB-adjusted correlations. A chi-square comparison of the original and CMB-adjusted models suggested no tangible difference (Hultman, Robson, and

Katsikeas 2009). These results indicate that common method bias is not a cause of major concern and does not appear to threaten the interpretation of the study findings.

### **Hypothesis Testing**

We used regression analysis to test the study hypotheses. Initially, we examined factors driving the level of sustainable export marketing strategy adaptation and, subsequently, we assessed whether the presence of fit influences export performance. To test the impact of the macro- and micro-environment factors on sustainable export marketing strategy adaptation ( $H_{1a-d}$  and  $H_{2a-d}$ ), we estimated the ordinary least squares regression:  $Y_1 = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon_1$ . Where:  $Y_1$  = sustainable export marketing strategy adaptation;  $X_1$  = economic conditions;  $X_2$  = regulatory conditions;  $X_3$  = sociocultural conditions;  $X_4$  = technological conditions;  $X_5$  = competitive intensity;  $X_6$  = customer characteristics;  $X_7$  = market munificence; and  $X_8$  = stakeholder pressures. As Table 3 (first part of panel A. Macro- and Micro-Environment Analysis) reveals, the value of the relevant F-statistic = 26.66,  $p < .01$  and the adjusted  $R^2 = .49$ . We assessed whether multicollinearity might cause problems in our data by calculating the variance inflation factors (VIFs). VIFs are well below the traditional cut-off point of 10 (Mason and Perreault 1991); hence, multicollinearity seems not an issue affecting our regression results generally.

For macro-environmental factors, differences in economic conditions ( $\beta = .22, p < .05$ ) and technological conditions ( $\beta = .23, p < .05$ ) are positively associated with sustainable export marketing strategy adaptation, lending support to  $H_{1a}$  and  $H_{1d}$ , respectively. By contrast,  $H_{1b}$  and  $H_{1c}$  are not supported since regulatory conditions ( $\beta = -.15, p > .05$ ) and sociocultural conditions ( $\beta = -.03, p > .05$ ) are not significantly linked to sustainable export marketing strategy

adaptation. Among the micro-environmental factors, competitive intensity ( $\beta = .22, p < .05$ ), customer characteristics ( $\beta = .25, p < .05$ ), and stakeholder pressures ( $\beta = .17, p < .05$ ) are positively associated with sustainable export marketing strategy adaptation; in support of  $H_{2a}$ ,  $H_{2b}$ , and  $H_{2d}$ , respectively. The exception is market munificence ( $H_{2c}$ ), which produced no significant relationship with sustainable export marketing strategy adaptation ( $\beta = -.16, p > .05$ ).

Consistent with the study's theoretical foundation, testing  $H_3$  requires the development of a measure that assesses fit between strategic response and contingency variables and then examination of whether fit has a positive effect on our performance variable. Only environmental variables found to be significantly related to sustainable export marketing strategy adaptation were incorporated in the calculation of fit (Venkatraman and Prescott 1990). We employed residual analysis to capture such fit and assess its impact on export performance (Katsikeas, Samiee, and Theodosiou 2006). The 'absolute' standardized residuals that resulted from the estimation of a regression model (i.e., comprising significant contingency variables) were regressed on performance. High levels of such residuals indicate misfit between degree of sustainable export marketing strategy adaptation and contingency variables, which should negatively influence performance, and vice versa.

The results in Table 3 (second part of panel A) show an inverse relationship between absolute standardized residuals and export performance ( $\beta = -.19, p < .01$ ). As such, small positive or negative residuals, which indicate fit, are connected to relatively high levels of performance, and the opposite. To enhance confidence in this result, we separated the macro- and micro-environmental effects and reran the residual analysis test (see Table 3 panel B. Macro-Environment Analysis and panel C. Micro-Environment Analysis). Building from first stage regression models of significant macro- or micro-environment variables, we again find high

absolute standardized residuals are negatively associated with export performance:  $\beta = -.22, p < .01$  and  $\beta = -.21, p < .01$  for the macro- and micro-environment models, respectively. Taken together, these results support our H<sub>3</sub> prediction of a fit–performance relationship.<sup>3</sup>

**- Insert Table 3 about here -**

## **DISCUSSION AND CONCLUSIONS**

This study contributes new international marketing knowledge in three main ways. First, the recent upsurge in strategy sustainability research has focused on corporate (e.g., Menguc, Auh, and Ozanne 2010) and/ or marketing (e.g., Cronin et al. 2011) strategies and policies within domestic settings, while international work has largely featured MNE corporate sustainability strategies inside subsidiary networks (e.g., Tatoglu et al. 2013). Despite the growing relevance of sustainable marketing to exporters (e.g., in helping them resist customer animosity within the foreign market) (Engardio et al. 2007; Leonidou et al. 2013), the development and execution of sustainable export marketing strategies is masked by considerable ambiguity. This study targets this theoretical ambiguity by examining sustainable marketing strategies with international reach.

Second, notable international marketing scholars (e.g., Kolk and Margineantu 2009) have explored drivers of sustainable export marketing strategy adaptation, but such work stops short of offering a systematic examination of drivers. Moreover, studies have yet to address the key matter of whether, and under what contingent conditions, such adaptation impacts performance. Using contingency theory, we heed the clarion call of Leonidou et al. (2013) for scholars to examine factors responsible for the effective adaptation of firms' sustainable marketing strategies in export markets. Specifically, this study is novel in assessing macro- and micro-environmental drivers, together with export venture performance outcomes, of sustainable export



marketing strategy adaptation. Our model adopts sustainability arguments in order to provide fresh insights into the enduring export marketing strategy adaptation/ standardization debate.

Third, though both market targeting and marketing mix elements potentially impact export performance (Diamantopoulos et al. 2014; Katsikeas, Leonidou, and Morgan 2000), the export marketing strategy adaptation literature has thus far overlooked the former in favor of the latter. This study is novel in conceptualizing sustainable export marketing strategy to include market targeting and marketing mix elements within a single global scale. We postulate that inclusive framing of marketing strategy can contribute to a clearer understanding of marketing adaptation in the sustainability context especially (cf. Ozsomer and Simonin 2004). There is evidence suggesting sustainable strategy decisions for the marketplace are made holistically by managers (Menguc, Auh, and Ozanne 2010; Sharma 2000). Indeed, we find support for our overall sustainable export marketing strategy model, which accounts parsimoniously for a range of contingency contexts by considering simultaneous and holistic pattern of interlinkages between overall strategy and external environmental factors; as per Venkatraman and Prescott's (1990) classic theorization of environment–strategy coalignment.

The evidence reported here supports contingency theory in that sustainable export marketing strategy adaptation is not directly linked to export performance. Our results confirm that a set of external environmental factors behaved as predicted in shaping fit between the level of sustainable export marketing strategy adaptation and performance. The influential contingency variables stem from the macro- (i.e., economic and technological conditions) and micro-environments (i.e., competitive intensity, customer characteristics, and stakeholder pressures). It is worth dwelling on the influential role played by economic conditions, in particular, since two previous studies of international marketing strategy adaptation (Hultman, Robson, and Katsikeas

2009; Katsikeas, Samiee, and Theodosiou 2006) found economic conditions to have no significant effects. Our finding is not surprising considering the backdrop of sustainability work that has often reported a strong link between national economic circumstances and the salience of environmentally and/ or socially friendly activities to customers (Becker-Olsen et al. 2011; Marta and Singhapakdi 2005). In our pre-study field interviews, an export manager from a beauty industry firm discussed its responsiveness (using segmentation, product, and pricing decisions, etc.) to whether customers in emerging markets can afford to purchase environmentally friendly products with premium prices.

Three contingency variables failed to produce significant effects, namely regulatory and sociocultural conditions and market munificence. The nonsignificant macro-environmental effects are surprising, given that Kolk and Margineantu (2009) observed that regulatory and sociocultural both play a role in the sustainable marketing strategy adaptations of globalizing accountancy MNEs. Though regulation might be a good predictor for sustainability strategy formulation and implementation at the corporate level, this is not always the case at the marketing level (Banerjee, Iyer, and Kashyap 2003; Chan 2010). In addition, regulatory compliance is now considered to be a reactive, as opposed to productive, approach in dealing with sustainability issues. Firms today take a more proactive approach to such issues and introduce policies and practices that not only might be ahead of regulatory standards, but also in some cases help shape standards. Research findings show that it is these proactive sustainability approaches that can bring back performance benefits to firms (Aragon-Correa and Rubio-Lopez 2007). What is more, the exporting literature has argued that because regulatory conditions are relatively easy to interpret by firms and do not involve much in the way of active, ongoing

learning, their influence tends to occur during the initiation stages of an export venture (Hultman, Robson, and Katsikeas 2009); our export ventures have a mean duration of 16.6 years.

Usually, MNEs have access to abundant resources with which to scan, locate, and analyse foreign markets. Such resources provide MNEs with background knowledge of sociocultural idiosyncrasies in overseas markets, which can facilitate strategy and practice adaptations in relation to sustainability, when required (Kolk and Margineantu 2009). By contrast, smaller exporters, with fewer resources at their disposal, often end up with limited information about societal expectations in their overseas target markets (Leonidou 1995). Exporters may lack the ability to act on sociocultural differences between the home and local markets.

A possible explanation for the nonsignificant influence of market munificence concerns the nature of the home market and the export venture market selected by each firm. Data were collected from exporters operating in the U.K., a developed country with favorable conditions for ethical and sustainability strategies to take seed and grow. On the one hand, faced with similar market growth conditions, it might be possible for exporters to choose to standardize their sustainability marketing strategies in order to maximize scale economies since such practices can be costly and time consuming (Leonidou, Katsikeas, and Morgan 2013). On the other, high home and local market differences might also push exporters to standardize their approach as in a market with a low growth for sustainable products and services, firms that already have a sustainable export marketing strategy in place might be better able to use this as a vehicle for differentiation advantage (Porter and van der Linde 1995; Rueda-Manzanares, Aragon-Correa, and Sharma 2008). Given the amount of resources needed to develop a sound sustainable export marketing strategy, it is also unlikely for a firm with no sustainability presence in the home market to pursue such a path for a specific foreign market. Examining this unexpected effect in

greater depth in the context of firms operating in home markets with less favorable conditions for sustainability issues, represents an intriguing direction for future research.

### **Managerial Implications**

Managers should appreciate that the appropriateness of a particular sustainable export marketing strategy, whether adapted, standardized, or somewhere between the two, hinges on its fit with external environmental factors. Indeed, our results caution that managers should concentrate their limited attention and resources on five drivers of sustainable export marketing strategy adaptations (i.e., economic and technological conditions, competitive intensity, customer characteristics, and stakeholder pressures) that together shape the nature of strategic fit and its performance relevance. Exporting firms that disregard the three nonsignificant environmental factors (i.e., regulatory and sociocultural conditions and market munificence) in developing and executing sustainable export marketing strategies should achieve equal performance with those that do consider them. One implication is that managers responsible for sustainable export marketing strategies need to be able to develop proactive approaches, rather than simply following local sustainability regulation. Further, the nonsignificant findings for sociocultural conditions and market munificence might stem from exporters lacking the willingness and/ or ability to diagnose and act on such differences between the home and local markets.

The finding that strategic fit is connected to relatively high levels of performance influence endorses our thesis that sustainable export marketing strategy decisions, like other forms of sustainable strategy decision-making (Menguc, Auh, and Ozanne 2010), need to be made holistically and consistently by managers. Exporting firms face the risk of being considered opportunistic with their sustainability activities in the local marketplace when they vary

marketing strategy constituents (e.g., positioning the brand as sustainable in the export market but not designing products and packaging in an environmentally friendly way) across the adaptation–standardization continuum.

### **Limitations and Future Research Implications**

The study faces a set of limitations. First, the possibility that methods bias exists in our key informant study remains, despite the emphasis placed on recruiting and retaining appropriate informants and use of procedures and analyses to curb CMB. Second, based on a review of the literature and pre-study field interviews, the study developed scales for macro- and micro-environmental conditions relevant to the current sustainability focus. For instance, we tapped differences between the home and local markets with respect to regulatory and legal aspects pertaining to sustainability, rather than regulatory and legal aspects per se. Specifying sustainability within the environmental constructs, where appropriate, yielded a predictive contingency model. Still, building on this study's first step, future research testing the generalizability of the present findings might attempt to see whether there are greater differences in contingency variable effects when using 'general' environment scales. Such scales could reduce correlations among the contingency variables. However, high correlations may also stem from the nature of constructs dealing with similarities of macro- and micro-environmental factors between home and export markets (see Hultman, Robson, and Katsikeas, 2009).

Third, it would be insightful for future research to consider the direction of the differences (rather than just the magnitude) between home and export venture markets on the micro- and macro-environment forces. In doing so, studies may reveal more nuanced results concerning the intersection between marketing strategy and sustainability in international settings. For instance,

going from low to high market munificence may have a differential effect on the degree of sustainable export marketing strategy adaptation, when compared with going from high to low market munificence. The deployment of such an approach would allow closer scrutiny of any non-supported contingency variable effects (e.g., our predictions concerning regulatory and sociocultural conditions too).

Fourth, while the use of a global sustainability export marketing strategy scale follows clear precedent in the sustainability literature, the measure might be decomposed to check for separate and interaction effects. In particular, future research on sustainable export marketing strategy adaptation might separate market targeting aspects from mix characteristics, given that the sustainability literature (Gurau and Ranchod 2005) has placed greater emphasis on targeting than previous exporting work (Leonidou, Katsikeas, and Samiee 2002). Indeed, incorporating different components of sustainable export marketing strategy adaptation (e.g., strategy process versus content (Christmann 2004), or regional versus country-specific, adaptations (Kolk and Margineantu 2009)), would enable scholars to directly model ambidextrous (i.e., balance and/ or combinative) export strategy effects (Hughes et al. 2010).

Finally, export managers are boundedly rational and, thus, could be expected to focus on finite contingency factors when devising their marketing strategies. Hultman and colleagues' (2009) study of Swedish exporters observed that fit between product adaptation and the internal environmental context in which it is executed, has no relation to export venture performance. Yet, it would be worthwhile for future research to investigate internal contingency variables potentially shaping the performance relevance of sustainable export marketing strategy. To this point, it might be insightful for researchers to consider export intelligence-related resources,

structures, and orientations that could assist managers in making standardized sustainability decisions targeting cross-country segments.

## NOTES

- <sup>1</sup> To realize this conceptualization, the present study follows established precedent in the sustainability literature (e.g., Banerjee, Iyer, and Kashyap 2003; Martin-Tapia, Aragon-Correa, and Senise-Barrio 2008) for adopting a global scale to capture across marketing strategy facets.
- <sup>2</sup> The maximum likelihood estimation procedure assumes multivariate normal distribution, while the elliptical reweighted least squares technique adopts a multivariate elliptical distribution (Mohr and Sohi, 1995). The latter has been generally found to provide more reliable results than the former across normal and non-normal data, and for this reason it was preferred for this study (Sharma, Durvasula, and Dillon 1989).
- <sup>3</sup> We ran two additional regressions including industry dummies (for nine industries) to test whether any industry effects are evident in our sample. The first regressed sustainable export marketing strategy adaptation on the environmental factors and industry dummies, and the significance of our independent variables remains the same. In the second regression, we examined the impact of fit and the industry dummies on performance. The coefficient of misfit remains highly significant. These results enhance confidence in the stability of the model, and minimize any possibility of industry-specific effects influencing our results.

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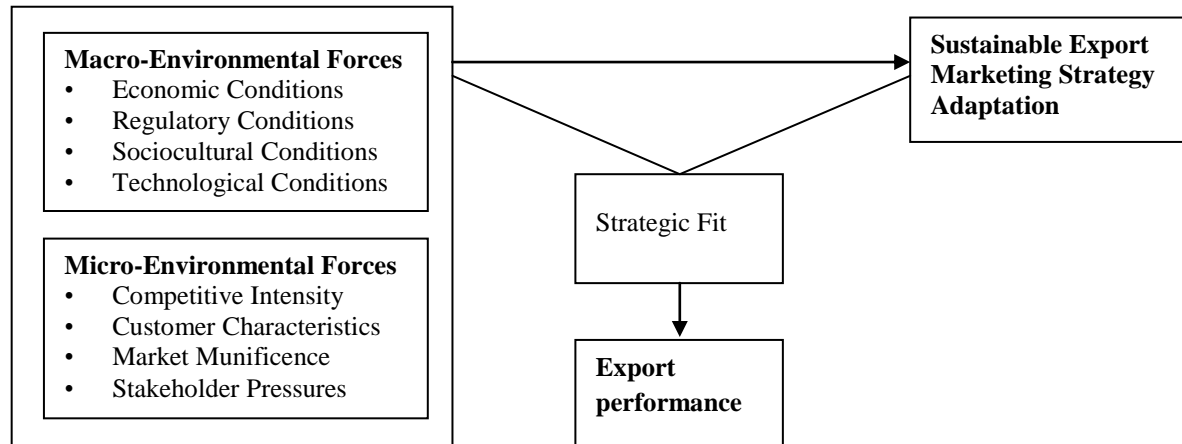
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**Figure 1.** Conceptual Model

**Table 1.** Measures and Measurement Model Results

<b>Factors and Items</b>	<b>Standardized Loadings<sup>1</sup></b>
<b><i>Economic Conditions</i></b> ( $\alpha = .88$ , CR = .83) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1= “very similar” and 7 = “very different”):	
Econ 1 - Purchasing power of customers	.78 (11.46)
Econ 2 - Level of industrial development	.76 (11.00)
Econ 3 - Communications infrastructure	.81 (11.95)
Econ 4 - Income distribution	.82 (11.22)
Econ 5 - Inflation rates	.73 (10.37)
<b><i>Regulatory Conditions</i></b> ( $\alpha = .93$ , CR = .88) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1= “very similar” and 7 = “very different”):	
Reg 1 - Laws and regulations concerning sustainability issues	.90 (14.25)
Reg 2 - Company-focused laws and regulations concerning environmental/ social protection	.87 (13.53)
Reg 3 - Customer-focused laws and regulations concerning environmental/ social protection	.90 (14.18)
Reg 4 - Technical standards concerning sustainability issues	.82 (12.46)
Reg 5 - Taxation policies concerning sustainability issues	.83 (12.61)
<b><i>Sociocultural Conditions</i></b> ( $\alpha = .87$ , CR = .86) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1= “very similar” and 7 = “very different”):	
Soc 1 - Values, beliefs and attitudes concerning sustainability issues	.92 (14.72)
Soc 2 - Aesthetics preferences associated with sustainability issues	.86 (13.23)
Soc 3 - Levels of education and knowledge concerning sustainability issues	.56 (7.68)
Soc 4 - Cultural customs and traditions concerning sustainability issues	.84 (12.76)
Soc 5 - Religious traditions concerning the environment and society	.81 (12.28)
<b><i>Technological Conditions</i></b> ( $\alpha = .90$ , CR = .85) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1= “very similar” and 7 = “very different”):	
Tech 1 - Pace in the development of sustainable technologies	.86 (13.29)
Tech 2 - Information technology concerning sustainable solutions	.81 (12.11)
Tech 3 - Sustainability in transportation technology	.80 (11.87)
Tech 4 - Skills associated with sustainable technologies	.81 (12.24)
Tech 5 - Product and production technology obsolescence rate	.75 (10.83)
<b><i>Competitive Intensity</i></b> ( $\alpha = .89$ , CR = .84) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1 = “very similar”, and 7 = “very different”):	
Comp 1 - Pace of new competitive moves based on sustainability in this product area	.81 (12.06)
Comp 2 - Frequency of promotion wars centering on sustainability in our industry	.74 (10.62)
Comp 3 - Frequency of new sustainable product introductions by competitors	.81 (12.18)
Comp 4 - Aggressiveness of competition based on sustainability (e.g., products, pricing) in our industry	.80 (11.90)
Comp 5 - Extent of price competition for sustainable products in our industry	.81 (12.15)
<b><i>Customer Characteristics</i></b> ( $\alpha = .89$ , CR = .82) Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1 = “very similar”, and 7 = “very different”):	
Cust 1 - Customers’ price sensitivity to sustainable product attributes	— <sup>2</sup>
Cust 2 - Sustainability issues in product/ service evaluation criteria	.83 (12.48)
Cust 3 - Importance of sustainability issues in target market segments	.80 (11.93)

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Cust 4 - Customers' sensitivity to sustainable purchasing criteria (e.g., recyclability, sourcing, efficiency)	.82 (12.39)
Cust 5 - Usage patterns of sustainable products/ services	.80 (11.16)
<b>Market Munificence</b> ( $\alpha = .91$ , CR = .85)	
Please indicate the extent to which your chosen export venture market is similar to or different from the domestic market with regard to the elements below (seven-point rating scales, anchored by 1 = "very similar", and 7 = "very different"):	
Mun 1 - Demand conditions and potential for sustainable products/ services	.83 (12.58)
Mun 2 - Market growth for sustainable products/ services	.78 (11.55)
Mun 3 - Profitability potential for sustainable products/ services	.85 (12.95)
Mun 4 - Market size for sustainable products/ services	.80 (11.79)
Mun 5 - General demand for sustainable products/ services	.82 (12.35)
<b>Stakeholder Pressures</b> ( $\alpha = .89$ , CR = .83)	
Thinking of your firm's stakeholders (e.g., employees, shareholders, industry regulators, non-governmental organizations), please indicate the extent to which the following issues are similar or different in the home and export venture markets (seven-point rating scales, anchored by 1 = "very similar", and 7 = "very different"):	
Stake 1 - Our stakeholders' feelings about the importance of environmental/ social protection	.83 (12.29)
Stake 2 - Our stakeholders' concerns about environmental destructions and social injustices	.80 (11.65)
Stake 3 - Our stakeholders' demands for sustainable products/ services	.80 (11.83)
Stake 4 - Our stakeholders' expectations about our firm's sustainability efforts	.86 (13.02)
<b>Sustainable Export Marketing Strategy Adaptation</b> ( $\alpha = .95$ , CR = .92)	
Please indicate the extent to which the following elements of your overall sustainable export marketing strategy are similar to or different from the domestic market (seven-point rating scales, anchored by 1 = "very similar", and 7 = "very different"):	
Mark 1 - Environmental/ social concerns in our product practices	.91 (14.64)
Mark 2 - Environmental/ social concerns in our promotion practices	.89 (14.08)
Mark 3 - Environmental/ social considerations in our distribution practices	.89 (14.05)
Mark 4 - Environmental/ social aspects in our pricing practices	.89 (14.00)
Mark 5 - Environmental/ social considerations in our market segmentation procedures	.75 (11.04)
Mark 5 - Environmental/ social considerations in our market targeting approach	.77 (11.38)
Mark 6 - Environmental/ social considerations in our market positioning	.78 (11.63)
Mark 7 - Environmental/ social elements in the marketing strategy	.76 (11.24)
Mark 8 - Sustainability elements integrated into the marketing strategy	.85 (13.10)
<b>Export Performance</b> ( $\alpha = .84$ , CR = .80)	
Please think of your chosen export venture market and evaluate how satisfied you are with its performance over the past 12 months (seven-point rating scales, anchored by 1 = "not at all satisfied", and 7 = "very satisfied"):	
Perf 1 - Export venture profitability	.61 (8.00)
Perf 2 - Export venture margins	.65 (8.59)
Perf 3 - Reaching export venture financial goals	.74 (10.04)
Perf 4 - Sales growth	.71 (9.66)
Perf 5 - Market share growth	.70 (9.35)
Perf 6 - Sales from new products (launched in the past three years)	.71 (9.53)

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**Fit Indices:**  $\chi^2_{(1280)} = 1601.30$ ,  $p < .01$ ; NFI = .97; NNFI = .99; CFI = .99; IFI = .99; RMSEA = .03; AOSR = .04

**Note:** <sup>1</sup> t-values reported in parentheses; <sup>2</sup> Item omitted during purification;  $\alpha$  = Cronbach alpha; CR = Composite reliability

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**Table 2.** Descriptive Statistics and Intercorrelations for the Study Constructs\*

Construct	M	S.D	1	2	3	4	5	6	7	8	9	10
1 Economic Conditions	3.37	1.58	1									
2 Regulatory Conditions	3.66	1.72	.83	1								
3 Sociocultural Conditions	3.67	1.67	.80	.88	1							
4 Technological Conditions	3.41	1.51	.79	.85	.84	1						
5 Competitive Intensity	3.40	1.55	.79	.76	.75	.81	1					
6 Customer Characteristics	3.45	1.53	.77	.76	.77	.79	.85	1				
7 Market Munificence	3.59	1.59	.72	.77	.76	.77	.79	.79	1			
8 Stakeholder Pressures	3.17	1.58	.64	.67	.66	.69	.68	.72	.69	1		
9 Sustainable Export Mark. Strat. Adaptation	3.16	1.47	.62	.56	.56	.63	.65	.65	.53	.58	1	
10 Export Performance	4.32	1.26	-.01	-.08	-.04	-.04	.00	-.10	.00	-.08	-.07	1

**Note:** \* Coefficients  $\geq .53$  are significant  $p < .01$ ; N = 217

**Table 3.** Regression Analysis

<b>A. Macro- and Micro-Environment Analysis</b>				
Dependent Variable: Sustainable Export Marketing Strategy Adaptation				
<b>Independent Variables</b>	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	.74	3.85**		
Economic Conditions	.22	2.27*	H <sub>1a</sub>	Supported
Regulatory Conditions	-.15	-1.26 <sup>a</sup>	H <sub>1b</sub>	Not supported
Sociocultural Conditions	-.03	-.26 <sup>a</sup>	H <sub>1c</sub>	Not supported
Technological Conditions	.23	2.08*	H <sub>1d</sub>	Supported
Competitive Intensity	.22	1.95*	H <sub>2a</sub>	Supported
Customer Characteristics	.25	2.33*	H <sub>2b</sub>	Supported
Market Munificence	-.16	-1.68 <sup>a</sup>	H <sub>2c</sub>	Not supported
Stakeholder Pressures	.17	2.33*	H <sub>2d</sub>	Supported
Adjusted R <sup>2</sup> = .49				
F-statistic = 26.66				
Dependent Variable: Export Performance				
	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	4.60	35.27**		
Standardized Residuals	-.19	-2.80**	H <sub>3</sub>	Supported
Adjusted R <sup>2</sup> = .03				
F-statistic = 7.79				
<b>B. Macro-Environment Analysis.</b>				
Dependent Variable: Sustainable Export Marketing Strategy Adaptation				
	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	.90	4.72**		
Economic Conditions	.32	3.82**	H <sub>1a</sub>	Supported
Technological Conditions	.38	4.47**	H <sub>1d</sub>	Supported
Adjusted R <sup>2</sup> = .43				
F-statistic = 82.95				
Dependent Variable: Export Performance				
	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	4.47	35.36**		
Standardized Residuals	-.22	-3.38**	H <sub>3</sub>	Supported
Adjusted R <sup>2</sup> = .05				
F-statistic = 11.40				
<b>C. Micro-Environment Analysis.</b>				
Dependent Variable: Sustainable Export Marketing Strategy Adaptation				
	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	.78	4.14**		
Competitive Intensity	.31	3.15**	H <sub>2a</sub>	Supported
Customer Characteristics	.27	2.62**	H <sub>2b</sub>	Supported
Stakeholder Pressures	.18	2.43*	H <sub>2d</sub>	Supported
Adjusted R <sup>2</sup> = .47				
F-statistic = 64.15				
Dependent Variable: Export Performance				
	<b>Coefficient</b>	<b>t-Value</b>	<b>Hypothesis</b>	<b>Results</b>
Intercept	4.65	35.15**		
Standardized Residuals	-.21	-3.18**	H <sub>3</sub>	Supported
Adjusted R <sup>2</sup> = .04				
F-statistic = 10.14				
<b>Note:</b> ** $p < .01$ ; * $p < .05$ ; <sup>a</sup> $p > .05$				